



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810-0119

MAY 8 1998

DIRECTOR'S OFFICE
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TRANSMISSION
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COMPTROLLER'S MEMORANDUM NO. 1998-11

TO: Heads of Departments and Agencies

SUBJECT: Implementation of Payroll Lag

The payroll lag which was enacted by Act 355, SLH 1997 is scheduled to be implemented on July 1, 1998. For your department's information, the payroll lag will proceed as follows:

<u>Pay Period</u>	<u>Pay Date</u>
06/16 - 30/98	07/01/98
07/01 - 15/98	07/17/98
07/16 - 31/98	08/03/98
08/01 - 15/98	08/19/98
08/16 - 31/98	09/04/98
09/01 - 15/98	09/18/98

Thereafter, pay days will be on the fifth and the twentieth of every month. If the fifth or the twentieth fall on a state holiday, Saturday, or Sunday, the pay date will be the immediately preceding weekday.

The payroll lag will have an impact on all State employees as well as agents who receive employees' payroll deductions. We will be notifying all agents who receive employee deductions of the impending pay lag with the May 15, 1998 deduction checks.

We are requesting your assistance in notifying all employees within your department of the possible effects on their financial obligations. The following are the most common obligations that will be impacted by the payroll lag:

Net Pay Assignments to Financial Institutions

Net pay assignments to banks and other financial institutions will be credited on the new "lagged" pay dates. Employees who have authorized deductions (e.g., mortgage payments) based on the previous pay dates of the 15th and the last day of the month will need to review their financial situation in light of the delayed deposits.

MAY 8 1998

Employee Contributions to Deferred Compensation or Tax Sheltered Annuities (for Department of Education and University of Hawaii Employees Only)

Employees will be paid for 23 pay periods for calendar year 1998. Employees will need to review and consult with their respective representatives of the deferred compensation program or tax sheltered annuity program for any needed changes for 1998.

Child Support or Other Court Ordered Support Payments

Employees' deduction for child support or other court ordered support will be in arrears for a pay period since the second half of June will not be paid until July 1, 1998. We strongly encourage each employee to contact the Child Support Enforcement Agency to make arrangements.

If you or your staff have any questions or concerns on the above items or on the payroll lag, please call Wayne Horie at 586-0600 or Sheila Walters at 586-0650.


RAYMOND H. SATO
State Comptroller